



Reports Issued in July 1989

| | |
|--|----|
| National Defense | 1 |
| International Affairs | 6 |
| Science, Space, and Technology | 8 |
| Energy | 9 |
| Natural Resources and Environment | 11 |
| Agriculture | 12 |
| Commerce and Housing Credit | 13 |
| Transportation | 16 |
| Housing and Community Development | 17 |
| Social Services | 18 |
| Health | 19 |
| Income Security | 22 |
| Veterans Affairs | 24 |
| Administration of Justice | 25 |
| General Government | 25 |
| Congressional Testimony by GAO Officials | 30 |

How to Obtain GAO Reports and Testimony

In person:

U.S. General Accounting Office
Room 1000
700 4th St., N.W.
Washington, D.C. 20548

By mail:

Complete Order Form included in this publication and send to:

U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877

By phone:

202-275-6241

The first five copies of each report are free. Additional copies are \$2.00 each.

There is a 25% discount on orders for 100 or more copies mailed to a single address.

Orders must be prepaid by cash or by check or money order made out to the Superintendent of Documents.

National Defense

DOD Acquisition: Information on Joint Major Programs

GAO/NSIAD-89-158, July 17.

The Department of Defense defines joint programs as those having multiservice or multiagency participation during the research and development phase and/or during the procurement phase. At the end of FY 1988, DOD had 34 programs that were considered joint major programs. This report provides information on the status of joint major programs by describing the program, service participants, schedule, deliveries, costs, and recent reports on these projects.

Budget Reprogramming: Opportunities to Improve DOD's Reprogramming Process

GAO/NSIAD-89-138, July 24.

Reprogramming permits the Department of Defense to use funds for purposes other than those specified in the budget submission, although within the general authority of the appropriation. DOD submits relatively few requests to reprogram funds, and those submitted appear to reasonably describe their intended purposes. GAO believes that reprogramming request submissions and related reports can be improved. The form DOD uses to request congressional approval of reprogramming could be improved by including additional financial data, such as the President's budget request, committee-approved and/or pending reprogramming, DOD/service reprogramming, other adjustments, and the actual current program balance. DOD's semiannual report to Congress can be improved by adding summary data, distinguishing congressionally reviewed—approved and pending—reprogramming from self-initiated changes, and separately identifying nonreprogramming changes.

Contract Pricing: Defense Contractor Contributions to the Software Productivity Consortium

GAO/NSIAD-89-74, July 24.

GAO reviewed how selected defense contractors classified Independent Research and Development projects. Proper classification of IR&D projects is important because the government places a ceiling on the amount of IR&D costs that are reimbursed. Improper classification of IR&D costs can result in circumventing the ceiling and may result in excessive contract costs. GAO found that 14 defense contractors made contributions to the Software Productivity Consortium from 1985 to 1987 totaling about \$28.6 million. The consortium was established to develop new

tools and techniques to enhance the productivity of software developers. All but one of the companies charged their entire consortium contributions to overhead accounts other than IR&D. GAO's work raises questions about whether the activities of the consortium and member companies' contributions can be properly classified as IR&D.

**Tank Recovery Vehicle:
Status of Program
Acquisition and Full-Scale
Engineering Development**

GAO/NSIAD-89-156, June 22.

Recovery vehicles are designed to maneuver with armored battalions and perform the three main functions of towing, lifting, and winching disabled tanks. The Army tested two competing recovery vehicles, one developed by the BMY Division of HARSCO Corporation and the other developed by the General Dynamics Land Systems Division. Six criteria were used to evaluate the two vehicle candidates. The Army determined that both vehicles would meet its recovery vehicle requirements, but each had operational deficiencies. In December 1988, it selected BMY's M88A1E1 to continue into full-scale engineering development because of lower cost. Currently, the Department of Defense proposed terminating the program because of budget considerations and questionable performance.

**Army Maintenance:
General Support
Maintenance Units Not
Prepared to Perform
Wartime Missions**

GAO/NSIAD-89-183, July 17.

The Army spends over \$5 billion annually on maintenance and supply operations to ensure that its units and their equipment are ready to perform in wartime. The Army's general support maintenance units are not effectively preparing in peacetime for their wartime missions. In most cases, these general support units did not know what units they would be supporting or the equipment they would be expected to repair in wartime. Additionally, most military units and personnel were not repairing the types of equipment they would be expected to repair in wartime. The Army has no method or system for evaluating the training or proficiency of general support maintenance personnel or units. GAO believes that the Army does not have assurance that active general support maintenance units could perform effectively in wartime.

**Navy Maintenance:
Aviation Component
Repair Program Needs
Greater Management
Attention**

GAO/NSIAD-89-171, July 6.

The Naval Aviation Depots generated revenues of about \$1.7 billion in FY 1988 by overhauling and repairing such items as airframes, engines, and components. The component repair program was the largest segment with revenues of \$601 million. GAO found that the Navy had not provided sufficient management controls to ensure that component repair prices were reasonable—prices were not adequately supported, audits and reports were not made, and variances between actual and billed labor hours were not analyzed. As a result, significant gains or losses on individual component repairs continued year after year. The Navy can improve the program by providing sufficient management controls to ensure reasonable repair prices and focusing attention on correcting the causes of declining productivity.

**Naval Aviation:
The Flying Hour Program's
Budget and Execution**

GAO/NSIAD-89-108, July 8.

The Navy's FY 1987 flying hour budget was \$3 billion and funded 2.2 million flying hours for training, support, operations, and administration. Nearly all the program's hours were budgeted for training. The average monthly flight time required for each aircrew was derived using formulas that consider forecasts of aircraft inventory and number of aircrews and military judgment. The Navy's management controls ensure that hours flown and dollars spent do not exceed those allocated. But, neither the Navy's budget nor its management information system link requirements determination and resource expenditures to any measure of program achievement. The Navy has recently initiated several efforts to develop measures that will demonstrate the benefits derived from various levels of flying.

**Military Space Operations:
Use of Mobile Ground
Stations in Satellite
Control**

GAO/IMTEC-89-53, July 3.

The Air Force's satellite control network architecture provides for both fixed ground facilities and mobile ground stations to support the military's satellite programs. Satellites must have periodic contact with ground stations to receive command and control instructions to ensure that they are in proper orbit and to send back information relative to their mission. By 1998, the Air Force and Defense Communications Agency plan to have a total of 84 mobile ground stations at an estimated cost of \$1.6 billion. The Department of Defense's FY 1990 budget request for the mobile ground stations is about \$92 million.

Attack Warning: Better Management Required to Resolve NORAD Integration Deficiencies

GAO/IMTEC-89-26, July 7.

The North American Aerospace Defense Command, a binational command, is responsible for notifying United States and Canadian leaders that North America is under air or missile attack. The Air Force plans to spend more than \$775 million through FY 1989 to modernize and replace the computer and communications subsystems at NORAD's Cheyenne Mountain complex. After almost 8 years of development, no phase of the five modernization programs is operational. The Air Force estimates that it will need at least an additional \$535 million and 5 more years to complete the modernization it initially planned to complete by 1987. Long-standing serious integration problems, which could disrupt the ability of the various modernization initiatives to work together effectively to accomplish NORAD's mission, remain unresolved. No single, accountable manager below the Air Force Chief of Staff has authority for the total Tactical Warning and Attack Assessment system. The net effect of a cumbersome structure, divided responsibility, poor management continuity, and deferred problem resolution has been to deliver subsystems that do not meet specifications and may not be effectively integrated without additional, costly changes.

Air Force Logistics: Procurement of C-5 Crash Damage Kits

GAO/NSIAD-89-111, June 21.

In December 1986 and February 1987, the Air Force ordered crash damage kits for the C-5 aircraft at an estimated cost of \$69 million from Lockheed Aeronautical Systems Company, the manufacturer of the aircraft. Air Force officials used data from two C-5 crashes and a lightning strike to an outer wing to develop the requirement for the kits. However, these data are insufficient to project the number, timing, and severity of future accidents accurately. The Air Force has no servicewide guidance governing the planning, developing, and buying of crash damage kits. The Air Force encountered delays in procuring the kits, which limited the extent of tie-in to the C-5 production line. A tie-in was desired so that cost savings would result from combining orders for the kit parts with production orders for those same parts. There are unresolved questions about the proposed prices of parts and the types of parts.

**Tactical Airlift:
Observations Concerning
European Distribution
System Operations**

GAO/NSIAD-89-135, June 21.

The Air Force European Distribution System is an initiative designed to provide U.S. Air Forces in Europe greater assurance that spare parts will be available to keep tactical aircraft and ground-launched cruise missile systems operational in Europe during wartime. The U.S. European Command and Air Force have taken several actions to make EDS more efficient and effective in peacetime, even though EDS is a wartime system. Some of those actions have had limited results. For example, EDS has had little effect on the delivery of critical parts. The Air Force should strive to make EDS as efficient and effective as practicable. EDS would be more efficient if (1) the use of C-23 aircraft increased and (2) the amount of routine service to locations where less expensive alternative service is available is reduced.

**Defense Contracting:
Cost, Schedule, and
Performance to Develop a
Ground Power Generator
System**

GAO/NSIAD-89-163FS, July 19.

Concern was raised about two phase I Air Force contracts for research and development of a ground power generator system. This fact sheet provides the cost, schedule, and performance information on these contracts. Final cost of the research and development contracts totaled about \$26.3 million. This amount includes net price increases of about \$431,000, primarily for engineering changes. Setbacks occurred at various stages of development and testing, which resulted in schedule revisions. As a result, phase I took 4 months longer than planned, but most of the problems were unrelated to contractor performance problems.

**Test and Evaluation:
Reducing Risks to Military
Aircraft From Bird
Collisions**

GAO/NSIAD-89-127, July 13.

Birds are a serious threat to all aircraft—especially to military aircraft that fly fast and low where birds are more likely to be a hazard. From 1983 to 1987, military aircraft have collided with birds over 16,000 times. Although many of these collisions caused only minor damage, the services lost six crew members, incurred \$318 million in damages, and lost nine aircraft. Realistic aircraft testing can provide decisionmakers with useful data to evaluate the risks associated with natural hazards, such as birds, and the compromises that may have to be made to sustain a particular level of performance, such as aircraft speed. Although about half of all the recent reports on military collisions with birds involved the airframe, officials said that airframes are not tested against bird hazards and that no specification require such testing. The

Secretary of Defense should require the services to (1) revise test specifications to reflect the sizes and the numbers of birds actually colliding with military aircraft and (2) to evaluate the vulnerability of critical airframe areas such as the nose and the wing's leading edges to minimize the risk from bird collisions.

International Affairs

Inter-American Development Bank: Questions Concerning Payment to Nicaragua

GAO/NSIAD-89-167, July 5.

GAO reviewed actions taken by the Inter-American Development Bank in making loan disbursements to Nicaragua in November 1987. Nicaragua had been delinquent on its loan payments to IDB since November 1986. IDB did not follow its established norm when it cleared Nicaraguan arrearages in November 1987, before they were actually paid. As a result, IDB imprudently made \$22.5 million in loan disbursements and additional funds available to Nicaragua. Because the money was made available before Nicaragua had actually paid the previous arrearages, the November disbursements could conceivably have been used improperly to clear the arrearages. The IDB payments were from its general funds, which are not subject to U.S. laws, thus no violation of U.S. laws occurred.

Central America: Impact of U.S. Assistance in the 1980s

GAO/NSIAD-89-170, July 11.

GAO reviewed the impact of U.S. programs and activities in the five Central American countries, Panama, and Belize during the 1980s. These programs and activities focused on four major U.S. policy objectives: (1) promoting regional security, (2) strengthening democracy, (3) achieving economic stabilization and structural adjustment, and (4) advancing equitable broad-base development. Although progress was made in achieving each of the four U.S. objectives, less was accomplished than anticipated because regional conflicts were not ended and economies did not rebound as envisioned, and the time frames established were proven to be unrealistic. Moreover, some countries could not quickly overcome a long history of military dictatorships, inefficient and corrupt government institutions, extreme poverty, and political violence.

**El Salvador:
Limited Use of U.S. Firms
in Military Aid
Construction**

GAO/NSIAD-89-132, July 12.

Since 1986, no U.S. firms have been awarded contracts for construction projects in El Salvador under the U.S. security assistance program. However, 13 construction contracts, valued at \$19 million, were awarded to Salvadoran or joint venture firms that had generally submitted lower prices. U.S. firms encounter difficulty in competing for projects because they generally incur more costs than their Salvadoran counterparts for such items as overhead and mobilization. These higher costs result in higher-priced offers that are not competitive.

**International Trade:
The Health of the U.S.
Steel Industry**

GAO/NSIAD-89-193, July 12.

The primary cause of the loss of sales by the U.S. integrated steel producers has been declines, both long-term and cyclical, in domestic consumption of steel. The primary problem in the 1980s was the economy-wide recession, the effects of which were aggravated by the import surge that followed as a result of the high value of the dollar. Since 1985, the industry has regained competitiveness principally as a result of the substantial decline in the value of the dollar, improvements in labor productivity, and reductions and slower growth in wages and benefits. Consequently, the import surge has subsided and the import market-share goals set by Congress and the President for the quota program have been met. Furthermore, the recovery of the U.S. economy from the recession has increased the demand for steel in the United States. As a result, the industry has returned to normal levels of profitability.

**Peace Corps:
A Statistical Profile**

GAO/NSIAD-89-174FS, July 14.

This fact sheet provides information on the Peace Corps budget, volunteers and trainees, and the countries in which the agency has operated. The Peace Corps' budget in nominal dollars grew steadily during its early years, but declined rapidly in the late 1960s and early 1970s. Since 1972, its budget began to grow, reaching a high of \$146.2 million in FY 1988. The number of Peace Corps volunteers and trainees decreased from a high of 15,556 in FY 1966 to a low of 5,219 in FY 1987. The Peace Corps during 1961 to 1988 provided volunteers to 98 countries—33 in the Africa region, 30 in the Inter-American region, and 35 in the North Africa, Near East Asia and Pacific region.

Foreign Technologies: Federal Agencies Efforts to Track Developments

GAO/NSIAD-89-192, June 30.

GAO was requested to prepare a compendium of U.S. government programs and activities that collect information on, monitor, or assess foreign dual-use (commercial-military) technologies. Numerous federal agencies have programs and activities that track foreign technologies for a variety of reasons. However, based on work to date, no central force identifying all federal programs and activities that track foreign technologies could be found.

Science, Space, and Technology

Weather Satellites: Cost Growth and Development Delays Jeopardize U.S. Forecasting Ability

GAO/NSIAD-89-169, June 30.

To provide continuous and reliable collection of environmental data in support of weather forecasting and related services, the National Aeronautics and Space Administration and the National Oceanic and Atmospheric Administration are cooperating in the development and procurement of the next generation of Geostationary Operational Environmental Satellites. The estimated program cost for GOES-NEXT has increased from a March 1984 estimate of about \$294 million to a current estimate of about \$725 million. The estimate includes costs for satellite acquisition, contract support, and program contingencies but does not include about \$426 million estimated for launch services. The decision to acquire additional satellites, numerous contract modifications, a lack of design studies, and underestimates of design and production difficulties contributed to the increased estimate. Although the extent is unknown, delays are likely. The initially scheduled first launch has been missed, and further delays are expected. These delays will likely increase the GOES-NEXT cost beyond current estimates. With only one GOES satellite currently working, the U.S. ability to provide real-time early warning and to continuously track potentially destructive storms is jeopardized.

**Computer Security:
Virus Highlights Need for
Improved Internet
Management**

GAO/IMTEC-89-57, June 12.

In November 1988, a computer program caused thousands of computers on the Internet—a multinet system connecting over 60,000 computers nationwide and overseas—to shut down. Within hours after it appeared, the Internet virus had reportedly infected up to 6,000 computers, clogging systems and disrupting most of the Nation's major research centers. These incidents highlighted such vulnerabilities as (1) the lack of an Internet focal point for addressing security issues, (2) security weaknesses at some sites, and (3) problems in developing, distributing, and installing software fixes. While agencies and groups have taken actions to enhance security, GAO believes that many of the vulnerabilities highlighted by the virus and subsequent intrusions require actions transcending those of individual agencies or groups. A security focal point should be established to fill a void in Internet's management structure.

Energy

**Nuclear Science:
DOE Richland Role in the
Proposal to Convert
Washington Nuclear Plant
No. 1**

GAO/RCED-89-134BR, June 6.

Information was requested on a number of issues involving the Department of Energy's possible conversion of a partially completed commercial nuclear power plant to a defense production reactor that would produce material for use in the nuclear weapons program of the United States. Washington Nuclear Plant No. 1—owned by the Washington Public Power Supply System—is located on DOE's Hanford Reservation near Richland, Washington. This briefing report answers questions that were not addressed in a March 1989 GAO report on the same topic.

**Synthetic Fuels:
An Overview of DOE's
Ownership and Divestiture
of the Great Plains Project**

GAO/RCED-89-153, July 14.

In January 1982, the Department of Energy guaranteed a loan for the construction and startup of the Great Plains project. On August 1, 1985, the partnership defaulted on the \$1.54 billion loan, and DOE acquired control of, and then title to, the project. DOE continued to operate the plant, through the ANG Coal Gasification Company, and sell synthetic

natural gas to four pipeline companies under 25-year contracts. In February 1986, DOE announced that it would sell the project with the objective of (1) removing the federal government as a gas production competitor, (2) selling the project for as much as possible, and (3) assuring long-term operations. On October 31, 1988, DOE sold the project to two subsidiaries of Basin Electric Power Cooperative.

**Nuclear Waste:
DOE's Management of
Single-Shell Tanks at
Hanford, Washington**

GAO/RCED-89-157, July 18.

GAO reviewed the Department of Energy's management of underground single-shell waste storage tanks at its Hanford, Washington, site. The tanks contain highly radioactive and nonradioactive hazardous liquid and solid wastes from nuclear materials production. Hundreds of thousands of gallons of these wastes have leaked, contaminating the soil, and a small amount of leaked waste has reached the groundwater. DOE does not collect sufficient data to adequately trace the migration of the leaks through the soil, and studies predicting the eventual environmental impact of tank leaks do not provide convincing support for DOE's conclusion that the impact will be low or nonexistent. DOE can do more to minimize the environmental risks associated with leaks. To reduce the environmental impact of past leaks, DOE may be able to install better ground covering over the tanks to reduce the volume of precipitation that drains through the soil and carries contaminants toward groundwater.

**Nuclear Nonproliferation:
Better Controls Needed
Over Weapons-Related
Information and
Technology**

GAO/RCED-89-116, June 19.

The Department of Energy has taken some actions to implement a 1981 congressional mandate to limit the dissemination of unclassified information related to atomic defense activities. Nevertheless, sensitive countries—communist-controlled nations, countries suspected of developing nuclear weapons, or those viewed as a national security risk—have obtained information dealing with detonators, explosives, and firing sets that could assist or enhance nuclear weapons development. Foreign nationals obtain some information directly from DOE's weapons laboratories; DOE does not require the laboratories to track these requests. DOE recognizes that continuing to disseminate some unclassified information raises questions about its compliance with U.S. nonproliferation policy and in January 1989 issued internal guidance to identify data that should not be distributed to proliferation-risk countries.

Uranium Enrichment: Some Impacts of Proposed Legislation on DOE's Program

GAO/RCED-89-170BR, July 25.

GAO was asked to address several questions concerning a number of proposed uranium enrichment bills introduced during the 100th Congress. The bill would have restructured the Department of Energy's uranium enrichment program as a government corporation to allow it to compete more effectively in the domestic and international markets. Some of GAO's findings follow: (1) uranium market experts believe and existing market models show that the proposed DOE purchase of \$750 million of uranium from domestic producers may not significantly increase production because of large producer-held inventories; (2) excess uranium enrichment production capacity exists throughout the world; therefore, foreign producers are expected to compete heavily in the United States throughout the 1990s as utilities' contracts with DOE expire; and (3) according to a 1988 agreement between DOE's Offices of Nuclear Energy and Defense Programs, enrichment decommissioning costs, estimated to total \$3.6 billion for planning purposes, will be shared by the commercial enrichment program and the government.

Natural Resources and Environment

Mineral Revenues: Options to Accelerate Royalty Payment Audits Need Further Consideration

GAO/RCED-89-167, June 5.

GAO was asked to review the Department of the Interior's funding proposal for FY 1990 to hire contractor auditors. This proposal is part of a 3-year effort to accelerate royalty payment audits of Interior's Minerals Management Service and to make them more current. MMS is responsible for collecting, accounting for, and distributing royalties from mineral leases on federal and Indian lands and the federal Outer Continental Shelf. Between its creation in January 1982 and April 1988, MMS did not have an overall strategy for auditing royalty payments. GAO found the following: (1) as of May 24, 1989, MMS had audits ongoing at the 12 residency companies; (2) MMS' revised audit strategy will make its audit program more current; and (3) MMS did not prepare a benefit-cost analysis supporting its decision to request funds to hire contractor auditors for the one-time effort to make audits more current and did not consider hiring federal employees under term appointments who could be terminated after the audits had been made more current. Because MMS has not

finalized its request for proposal, GAO cannot determine, at this time, whether it has taken sufficient steps to eliminate the possibility of conflict of interest.

Agriculture

Food and Agriculture: Bibliography of GAO Documents January 1985- December 1988

GAO/RCED-89-139, June 1988.

This bibliography includes information on GAO documents released between January 1985 and December 1988 that directly or indirectly relate to food, agriculture, and/or nutrition.

Dairy Termination Program: An Estimate of Its Impact and Cost-Effectiveness

GAO/RCED-89-96, July 6.

In 1985 Congress authorized the Dairy Termination Program to reduce milk production and federal purchases of surplus dairy products. Under the program, the U.S. Department of Agriculture paid participating farmers to dispose of their entire dairy herds either by slaughtering or by exporting them. Additionally, the program participants agreed not to reenter dairying for 5 years. According to GAO estimates, the Dairy Termination Program will reduce milk production from 1986 through 1990 by 39.4 billion pounds below what it would have been without the program. It is also estimated that because of lower production the program reduced federal purchases of surplus dairy products. This reduction in surplus purchases led to an estimated net program savings for the federal government of \$2.4 billion for FYs 1986 through 1990.

Dairy Imports: Issues Related to Chocolate Products

GAO/RCED-89-159BR, July 18.

In the mid-1950s, quotas were imposed under section 22 of the Agricultural Adjustment Act on most imported dairy products, including dry whole milk. Increased imports of chocolate block have caused concern among some domestic dairy groups who believe that the dry whole milk contained in the block displaces U.S.-produced milk and interferes with the U.S. Department of Agriculture's dairy price support program. This briefing report addresses issues, such as (1) changes in the volume of imported chocolate block in recent years, the relationship of the dry

whole milk contained in the block to domestic dry whole milk production and the dairy support program; (2) efforts undertaken by the Customs Service to enforce dairy limits in imported chocolate block; (3) the status of requests by two dairy groups for an investigation of whether imported chocolate block materially interferes with the dairy price support program; and (4) use of Foreign Trade Zones to bring imported chocolate block and dry whole milk into the United States.

Foreign Investment:
Trends in Foreign
Ownership of U.S.
Farmland and Commercial
Real Estate

GAO/NSIAD-89-168FS, July 10.

This fact sheet present information on foreign investment based on Department of Agriculture data for farmland and Department of Commerce data for commercial real estate. Overall, these statistics indicated that the amounts of foreign direct investment are a small percentage of total holdings in these sectors. Foreign persons held 1 percent of U.S. farmland, comprising almost 12.5 million acres with an adjusted current value of almost \$9.5 billion in 1988. Foreign persons from the United Kingdom held the largest share—22.3 percent—of all foreign holdings with 2.78 million acres. Those from Canada held the second largest share—20 percent—with 2.5 million acres, with France third—9 percent—with 1.14 million acres, and West Germany a close fourth—9 percent—with 1.13 million acres. Foreign companies had 4,278 U.S. commercial real estate affiliates with total assets of \$67.75 billion and ownership of 2.53 million acres in 1986.

Commerce and
Housing Credit

Small Business:
Information on
Cosponsorship Program
Activities

GAO/RCED-89-158BR, July 5.

A cosponsorship activity is defined by the Small Business Administration as any cooperative arrangement whereby (1) SBA and one or more non-SBA entity agree to provide training, which includes publications, or counseling to small business concerns and (2) SBA's name or logo is to be used on any printed materials. The SBA Act was amended in 1984 to permit cosponsorship with for-profit entities. A review of SBA Region IX, which includes Arizona, California, Hawaii, Nevada, Guam, and American Samoa, for the 6-month period April 1 through September 30, 1988,

and SBA's internal review of data from all of its regions for the same time period showed that SBA field offices had not complied with one or more of the Small Business Act's or SBA's requirements for many of the 222 events cosponsored nationwide with profit-making concerns. Specifically: (1) agreements between SBA and the cosponsor mandated by the act either were not prepared or were not signed for 96 of the 222 events; (2) fees paid by small businesses for attending cosponsored events were not accounted for, as required by SBA, in at least 109 cases; and (3) brochures on the events did not give proper recognition to SBA, as required by the act, for at least 42 of the events and/or did not include the required disclaimer regarding the endorsement of the cosponsor's opinions, products, or services for at least 89 of the events.

**Small Business:
Proposed Amendments to
the Small Business
Innovation Research
Program**

GAO/RCED-89-173, June 30.

The Small Business Innovation Research program was established by the Small Business Innovation Development Act. The program requires all agencies with yearly extramural (external) research obligations of more than \$100 million to solicit research proposal from small businesses and provide funds for those proposals judged most qualified. The program is funded by setting aside a percentage of these extramural funds, the current figure being 1.25 percent. Four proposed amendments described in the act would (1) gradually increase SBIR's formula from the current 1.25 percent agency extramural funds to 3 percent, (2) make SBIR permanent with a formal congressional review every 10 years, (3) allocate a share of SBIR funds for administrative purposes, and (4) lower the threshold for federal agency participation in SBIR from \$100 million to \$20 million. On the basis of information available at this time and discussions with government and private sector officials knowledgeable about SBIR, GAO does not advise altering SBIR as proposed by the four amendments.

**Export Controls:
Extent of DOD Influence
on Licensing Decisions**

GAO/NSIAD-89-155, June 27.

The United States controls the export of dual use products—commercial products which could also have a military use—to Soviet bloc countries and the People's Republic of China. Access by these countries to controlled dual use products and technologies is restricted through an export licensing system administered by the Department of Commerce. The Department of Defense also plays a role in the system. An exporter wishing to sell controlled dual use products anywhere in the world in

most cases must request Commerce's permission through an export license application. DOD reviews some of the license applications that Commerce receives and make recommendations on how to respond to them. Commerce and DOD generally agree on how to respond to license applications that they have reviewed. DOD's recommendations significantly influenced about one-third of Commerce's licensing decisions involving proposed exports to proscribed countries but only about 4 percent of Commerce's licensing decisions for exports to free world countries.

**Financial Audit:
Export-Import Bank's
1988 and 1987 Financial
Statements**

GAO/AFMD-89-94, July 24.

This report presents GAO's adverse opinion on the financial statements of the Export-Import Bank of the United States for the years ended September 30, 1988, and 1987, and GAO's reports on the bank's system of internal accounting controls and its compliance with applicable laws. The bank's financial statements continue to be misleading because they do not reflect the material losses that are likely to result from the uncollectibility of a portion of its foreign loans, accrued interest receivable, and its estimated recoveries on claims it paid because of defaults under its insurance and guarantee programs. As of September 30, 1988, GAO estimated cumulative losses on these items ranged from \$3.7 billion to \$6.2 billion. In addition, for the first time, the bank's financial statements reflect a negative reserve for defaults and contingencies. The reported deficit, which GAO believes will continue to increase in the future, is primarily due to the bank's negative interest rate spread.

**Troubled Thrifts:
Use of Supervisory
Enforcement Actions**

GAO/GGD-89-105BR, July 19.

This briefing report responds to a request for information on the effectiveness of the Federal Home Loan Bank Board's supervisory enforcement actions. GAO assessed the formal and informal enforcement actions used in the 47 thrifts between January 1986 and December 1988. The results indicate that the actions taken were not always effective in preventing or correcting the violations or unsafe or unsound practices.

Transportation

Air Traffic Control: FAA's Implementation of Modernization Projects in the Field

GAO/RCED-89-92, June 28.

The National Airspace System plan is the largest segment of the Federal Aviation Administration's air traffic control modernization program. GAO's review of nine projects in five of FAA's nine regions found that headquarters plans inadequately defined requirements and time frames for what regions were supposed to do, and facility designs to accommodate the new equipment in some cases were not ready. Because of the planning and information management problems, tasks and staffing requirements needed to complete implementation were not accurately defined. Unless these problems are corrected, FAA cannot assure Congress either that established implementation milestones can be met, or that staffing levels are adequate to meet such milestones.

Air Traffic Control: FAA's Interim Actions to Reduce Near Mid-Air Collisions

GAO/RCED-89-149, June 30.

The Federal Aviation Administration defines a near mid-air collision as either an incident in which the possibility of collision occurs as a result of an aircraft's proximity of less than 500 feet to another aircraft or an official report from an air crew member stating that a collision hazard existed between two or more aircraft. The degree to which NMAC reports can be relied on as an indicator of overall system safety is limited because much of the data is subjective and only those incidents reported are known. GAO found that for calendar years 1986 through 1988, a total of 2,610 NMACs were reported to FAA. Commercial carriers were involved in 1,158 of these reports. FAA has implemented many actions to reduce the risk of mid-air collisions in recent years. For example, additional equipment is required on planes, controllers have been provided enhanced hardware and software, and special airspace designations have been made at more airports. Within the past several years, FAA's attempts to assess the effectiveness of various actions taken by analyzing NMAC data have been met with mixed success.

Air Traffic Control: Computer Capacity Shortfalls May Impair Flight Safety

GAO/IMTEC-89-63, July 6.

The Federal Aviation Administration is responsible for the safe, orderly, and expeditious flow of civilian and military aircraft. FAA uses computer, radar, and communications systems to help accomplish this mission. Numerous reports of near mid-air collisions occur annually, especially in airspace near airports. Existing computer capacity shortfall at some large, busy Terminal Radar Approach Control facilities are impairing controllers' ability to maintain safe separation of aircraft. Many TRACONS reported they had experienced instances of aircraft position and identification information disappearing from controllers' displays, data flickering on the displays, and computer responses to controllers' attempts to update or request data being delayed. FAA should take action to ensure that critical air traffic control functions are not interrupted by capacity shortfalls.

Housing and Community Development

Urban Action Grants: An Analysis of Eligibility and Selection Criteria, and Program Results

GAO/RCED-89-143, July 7.

Through grants, the Urban Development Action Grant program is designed to help alleviate physical and economic deterioration in severely distressed cities and urban counties. The Department of Housing and Urban Development considers the economic and social distress measures used in the UDAG program, such as poverty and unemployment rates, to be valid measures of distress. A 1981 Urban Institute study and two HUD studies have shown that UDAG program eligibility standards and alternative eligibility methods generally result in the eligibility of the same group of cities. Many of the 1,282 UDAG projects completed as of November 1988 reported that they fell short of meeting their expected economic results. There are several reasons why projects may fall short of their goals: unrealistic expectations, developer nonperformance, inaccurate data on reported results, and changes to initial project expectations.

Social Services

Guaranteed Student Loans: GAO/HRD-89-63BR, July 5.

Analysis of Student Default Rates at 7,800 Postsecondary Schools

Cumulative loans guaranteed from the inception of the Stafford Student Loan Program in 1965 have totaled over \$89 billion through FY 1988, with the loan volume more than doubling since 1983. During the 1983-88 period, cumulative defaulted student loans more than tripled to \$8.6 billion. In FY 1988, the Congress and the Department of Education developed several proposals to address the default problem, including specific steps for reducing defaults among students attending schools with particularly high default rates. This briefing report provides a list of schools that might have been affected by the proposed legislative criteria that would have established school default rate thresholds and required that schools exceeding these thresholds prepare default management plans and agreements to reduce their defaults.

Guaranteed Student Loans: GAO/HRD-89-92, July 11.

Comparisons of Single State and Multistate Guaranty Agencies

Each state designates an agency to guarantee student loans within its jurisdiction. The agencies insure lenders against defaulted loans, and are in turn reinsured by the Department of Education. While most agencies serve only one state, two national agencies—the Higher Education Assistance Foundation and United Student Aid Funds—have been designated by some states to serve as their guarantors. Some of the findings are that: (1) the annual loan volumes and defaults of the HEAF and USAF multistate guaranty agency programs have grown at faster rates than have Department of Education student loans as a whole; (2) difference in default rates among agencies appear to be strongly related to such borrower characteristics as family income and to whether students are financially independent, and to the kind of educational program their borrowers attend; and (3) the HEAF multistate program's default rate has been much higher than the national rate and the USAF rate has been slightly lower.

**Head Start:
Information on Sponsoring
Organizations and Center
Facilities**

GAO/HRD-89-123FS, July 12.

The Department of Health and Human Services' Head Start program annually provides more than \$1.2 billion in child development services to about 450,00 children, aged 3 to 5 years. Participating children attend Head Start centers in their communities, where they receive nutrition, medical, social, mental health, and educational services. This fact sheet provides information on public and private organizations that operate local Head Start programs and the kinds of facilities these programs use.

**Child Care:
Selected Bibliography**

GAO/HRD-89-98FS, July 11.

GAO developed from various data bases a selected bibliography on child care. This bibliography contains 386 citations, most accompanied by abstracts taken from the data bases. The cited literature includes journal articles, books, research reports, studies, and conference papers published during the period 1978 to mid-1988.

Health

**Defense Health Care:
Workload Reductions at
Military Hospitals Have
Increased CHAMPUS Costs**

GAO/HRD-89-47, July 10.

The first priority of military hospitals is to treat active duty members. When space, staff, and other resources are available, however, they also care for military retirees and dependents. For outpatient care, these beneficiaries can choose between military facilities and civilian hospitals and physicians under Civilian Health and Medical Program of the Uniformed Services. The amount and cost of care provided under CHAMPUS have increased in part because the amount of care provided to beneficiaries at military facilities has declined. Other reasons for CHAMPUS cost increases include increases (1) overall in the cost of providing medical care, (2) in the number of military beneficiaries, and (3) in the rate at which they utilize the medical care system. Department of Defense has initiated several actions designed to increase the availability of services at military facilities and reduce CHAMPUS costs. These initiatives, however, have not been in operation long enough to determine their impact.

**Health Care:
Children's Medical
Services Programs in 10
States**

GAO/HRD-89-81, July 14.

GAO reviewed how 10 states (Arizona, California, Florida, Georgia, Maine, Maryland, Minnesota, Mississippi, Ohio, and Texas) use federal maternal and child health services block grant funds to support their children's medical services programs. All 10 states allocated federal MCH funds to their CMS programs, but 8 states did not designate, or earmark, the MCH funds for specific CMS activities. Arizona designated federal funds almost exclusively for CMS personnel and administrative costs, and Ohio, for CMS administration and medical case management. Most CMS programs (1) provided many medical services, such as physician office visits, medications, medical equipment and supplies, and therapies; (2) provided some support services, such as case management, counseling, and transportation; and (3) covered a wide range of medical conditions.

**Health Care:
Nine States' Experiences
With Home Care Waivers**

GAO/HRD-89-95, July 14.

Medicaid normally does not pay for long-term medical care provided outside of institutions. GAO visited nine states (California, Florida, Georgia, Maine, Maryland, Minnesota, Mississippi, Ohio, and Texas) to get information on states' experiences in applying for, renewing, and administering Medicaid waivers to permit payment for home care provided to chronically ill children. The nine states administered a total of 32 home and community-based waivers. Children were eligible for services under 24 of them and represented about 10 percent of the individuals served under these waiver arrangements. Officials in eight of the nine states told us they were satisfied with the results achieved with their waivers, i.e., they were able to provide less costly home and community-based care. On the other hand, most states reported difficulties with their initial attempts to obtain waivers. Some officials recalled the initial waiver application and approval process as a long, stretched-out, and uncertain process.

**Health Care:
Initiatives in Hospital Risk
Management**

GAO/HRD-89-79, July 18.

Hospital risk management is defined as an organized effort to identify, assess, and reduce, where appropriate, risks to patients, visitors, staff, and hospital assets. Several studies now being conducted have the potential to affect how risk management programs will be conducted in the future. One such study is attempting to assess the effectiveness of

various “early warning systems” for malpractice claims management and prevention. The Department of Health and Human Services’ National Center for Health Services Research funded a study of the effectiveness of risk management. This study, which involved 40 Maryland hospitals, analyzed open and closed malpractice claims filed from 1977 to 1985. The results have provided some of the first empirical evidence showing that some hospitals with certain risk management processes had a better claims experience than other without those processes.

**Health Care Financing:
Unreimbursed Charges of
Selected Children’s
Hospitals**

GAO/HRD-89-76, July 11.

Unreimbursed charges at the 13 children’s hospitals which GAO visited averaged about 20 percent of their total charges for patient care during FY 1986, the latest year for which they had complete data at the time. Such charges are attributable to charity care, bad debts, and allowances and discounts available under contractual arrangements with certain public and private payers. The contractual arrangements accounted for 59 percent of the unreimbursed charges, followed by charity care and bad debts. Hospitals attempted to mitigate the impact of unreimbursed charges by (1) considering them in setting patient charges and (2) generating income from other sources.

**Prescription Drugs:
HCFA’s Proposed Drug
Utilization Review System
Ignores Quality of Care
Issues**

GAO/PEMD-89-26BR, July 13.

Current research on prescription practices for the elderly clearly indicates that inappropriate drug prescription can cause adverse drug reactions, which can lead to drug-induced illness, hospitalization and even death, in addition to enormously wasteful expenditures by the government, private insurance companies and, of course, the recipients of these prescriptions. The Medicare Catastrophic Coverage Act of 1988 covers outpatient prescription drug costs for an estimated 17 percent of the elderly and provides a mechanism for checking the safety of drug for all the elderly who use a participating pharmacy. This mechanism is an electronic drug utilization review system for prescription at the point-of-sale. The DUR system function proposed by the Health Care Financing Administration is very basic with regard to drug information to be produced, since it will only compare drug-to-drug interactions for a limited number of drugs. Several important issues remain unresolved. It is also

questionable whether HCFA will met legislative objectives of being operational by January 1, 1991, and being consistent with the law's requirements.

**Teenage Smoking:
Higher Excise Tax Should
Significantly Reduce the
Number of Smokers**

GAO/HRD-89-119, June 30.

The 1970s saw a decline in the teenage smoking participation rate, which appears to have been largely caused by antismoking campaigns and related public health measures. By the 1980s, the decline apparently had stalled. To trigger a further decline, health experts and others have called for increases in the cigarette excise tax. Raising the federal excise tax on cigarettes will reduce teenage smoking to the extent that teenage smokers respond to higher cigarette prices.

Income Security

**Food Stamp Program:
Participants Temporarily
Terminated for Procedural
Noncompliance**

GAO/RCED-89-81, June 22.

The Food Stamp Program is designed to provide low-income household members additional food purchasing power to help them acquire an adequate low-cost diet. However, eligible program participants can be temporarily terminated from the program if they do not comply with procedural requirements. GAO, on the basis of its sample, estimates that about 49 percent of the households in Georgia and about 68 percent of the households in Wisconsin experienced breaks in service. Participant-caused breaks resulting in benefit losses were caused by participants not (1) submitting timely monthly reports, (2) providing requested verification documents, (3) notifying their local office regarding the nonreceipt of stamps, (4) meeting work requirements. The remaining participant-caused breaks due to participants not filing timely or complete new applications for recertification.

**Social Security:
Results of Required
Reviews of Administrative
Law Judge Decisions**

GAO/HRD-89-48BR, June 13.

Social Security disability claimants whose initial benefit applications are denied appeal through several layers of administrative and judicial processes. However, the appeal process is very time-consuming. For some claimants, even favorable decisions by administrative law judges

are delayed because they are chosen at random for further review by the Social Security Administration's Appeals Council. This random review process is carried out under the Bellmon Amendment. Early reviews under the amendment were directed at ALJs who issued favorable decisions in 70 percent or more of their cases and were so controversial they led to a lawsuit by the Association of ALJs. GAO studied 5,860 cases reviewed by the Appeals Council in FY 1985. About 91 percent of the decisions reviewed were approved without objection. Over 80 percent of the cases not approved initially by the Appeals Council eventually became benefit awards anyway. Altogether, only 1.6 percent of the cases review initially were kept off the benefit rolls. Nonetheless, benefit savings resulting from Bellmon reviews appear to be significantly greater than estimated costs.

**Social Security:
Status and Evaluation of
Agency Management
Improvement Initiatives**

GAO/HRD-89-42, July 24.

In March 1987, GAO issued a report on the management of the Social Security Administration that contained recommendations to improve program operations and better prepare for the future. SSA has made good progress in beginning to implement GAO's recommendations. The commissioner and her staff have exhibited much needed leadership in establishing agency-wide goals and objectives and developing tracking systems to assure accountability. SSA has made a number of organizational changes, appointed a senior executive officer, and set up offices for financial management and strategic planning. It has made substantive progress in setting up a structured planning process and taken steps to integrate planning with budgeting. The commissioner has instituted several major changes to improve the management of automated data processing, but SSA needs to appoint a full-time information resource manager to ensure that efforts are integrated and coordinated and support long-range goals. In some areas, however, additional management action is needed to redirect initiatives or to take more effective actions to correct the problems pointed out in the management report.

Veterans Affairs

Inspectors General: Compliance With Professional Standards by the VA Office of Inspector General

GAO/AFMD-89-76, July 3.

The Office of the Inspector General's mission is to prevent, detect, and reduce fraud, waste, and abuse and promote economy, efficiency, and effectiveness through audits and investigations of the Department's programs and operations. The Department of Veterans Affairs' OIG satisfactorily complied with the 12 audit and 11 investigation standards tested. The OIG has established effective quality controls to help ensure its compliance with standards. When GAO did identify the need for quality control improvements in referencing and following up on minor audit report findings, the OIG clarified its policies to strengthen both these areas. GAO's review of the OIG's coverage of VA's operations, accomplishments reported in the OIG's semiannual reports, and benefits received by VA from the OIG efforts indicate that the OIG is having a significant impact on VA's operations.

Veterans' Benefits: Improvements Needed in Processing Disability Claims

GAO/HRD-89-24, June 22.

Each year the Department of Veterans Affairs pays more than \$14 billion for disability benefits and processes more than 600,000 initial and reopened applications for these benefits. GAO investigated numerous allegations about VA's claims-processing practices and found that the rate of occurrence for most of them was very low or did not appear to adversely affect benefit decisions. However, significant problems were found in these areas: notices to veterans concerning VA decisions on disability claims did not provide veterans meaningful information; development of claims was sometimes inadequate; and claims were not always controlled promptly. Overall, these problems resulted in adverse effects on veterans in about 13 percent of both the compensation and pension claims. With the exception of notice problems, it was difficult to identify any single cause of these problems.

Administration of Justice

Anti-Drug Abuse Act of 1986: Time Taken by States to Draw Down Formula Grant Funds

GAO/GGD-89-78, June 2.

The Anti-Drug Abuse Act of 1986 provided federal assistance to states through formula grant programs for drug law enforcement, drug and alcohol treatment and rehabilitation, and drug and alcohol education and prevention programs. Congress appropriated about \$905 million in FY 1987 and 1988 for state or local formula grant programs authorized by the act. As of September 30, 1988, about 23 months after the law's enactment, the states had drawn down about 58 percent of the FY 1987 formula grants. For all the states, the time elapsed between the appropriation and awards of FY 1988 funds was 11 months, 8 months less than the time elapsed to appropriate and award FY 1987 funds. Federal officials attributed the reduction in time partly to the states becoming more familiar with the grant programs.

General Government

1990 Census: Overview of Key Issues

GAO/GGD-89-77BR, July 3.

The Bureau of the Census still faces a number of challenges to completing the 1990 census. Bureau management will be challenged to produce a count of high quality under short time constraints while both (1) controlling rising costs and (2) hiring and retaining an enormous workforce of temporary employees. In 1980, the Bureau spent \$1.1 billion. It estimates that the cost of the 1990 census will be approximately \$2.6 billion. GAO believes that the Bureau cannot complete the census for that sum; rather, as currently planned, the census will cost closer to \$3 billion. The most fundamental staffing challenge confronting the Bureau is ensuring that its pay rates are competitive. Also, the Bureau faces a diminishing labor pool. To many potential employees, census work is unattractive because of its temporary nature, lack of benefits, and required access to an automobile.

**1990 Census:
Delays in Completing the
Address List for Suburban
and Rural Areas**

GAO/GGD-89-74, July 10.

The Bureau of the Census completed the address list development for suburban and rural areas for the 1990 census about 6 months later than initially planned. This was caused primarily by delays in developing an automated system for producing census maps. As a result of mapping delays, the Bureau determined that all the prelist addresses would not be ready in time for an early Postal Service review of the accuracy of the Bureau's address list, scheduled for February 1989. However, despite this delay, the Bureau is well ahead of the 1980 pace for address list development for suburban and rural areas.

**Tax Administration:
Statistics on IRS' Use of
Levies to Collect
Delinquent Taxes**

GAO/GGD-89-97FS, July 17.

The Internal Revenue Service used levies to attempt collection on about one-half of the delinquent taxpayers whose accounts IRS sent to its Automated Collection System. A levy is the seizure of a taxpayer's liquid assets that are in the possession of third parties. The levies averaged almost two per taxpayer and almost one-half of them were productive. Collections had totaled about \$696 million from the time the cases were sent to ACS until mid-1988. Although levies were used more to resolve individual than business accounts, business levies were slightly more productive. Information was not readily available to analyze why levies were not used in all cases or why over one-half of the levies were not productive. Possible reasons are that IRS does not always have information on assets to levy, and when it does, assets, such as bank accounts may have been depleted.

**Tax Policy:
Insufficient Information to
Assess Effect of Tax Free
Education Assistance**

GAO/GGD-89-76, June 23.

Section 127 of the Internal Revenue Code of 1986, which expired on December 31, 1988, allowed individuals to exclude from their gross income the value of educational assistance provided by an employer through an employee educational assistance program. In June 1988, Treasury concluded that Section 127 should not be extended. In reaching its conclusion, Treasury evaluated data from surveys by two government and two private organizations. Three surveys produced overall information on educational assistance but not the kind of specific information needed to assess Section 127. The survey that produced specific information on Section 127 had a low response rate and apparently

included in its sample a disproportionate number of large firms. Primarily for these reasons, GAO believes that the information used by Treasury, although apparently the best available, was insufficient to support its conclusion.

**Tax Policy:
Costs Associated With
Low Income Housing Tax
Credit Partnerships**

GAO/GGD-89-100FS, July 10.

The 19 publicly offered partnerships being marketed for low income housing tax credit projects on average use a higher proportion of equity to pay fees and expenses than partnerships for residential and residential/commercial investments. The low income housing partnerships devote an average 27 percent of equity for fees and expenses, while the other types of investments use about 21 percent for this purpose. According to industry analysts, the proportion of fees and expenses spent by publicly offered low income housing tax credit partnerships are generally within guidelines issued by the North American Securities Administrators Association, Inc.

**ADP Modernization:
IRS' Automated
Examination System—
Troubled Past, Uncertain
Future**

GAO/IMTEC-89-54, June 22.

GAO reviewed the Internal Revenue Service's Automated Examination System, a project intended to automate the examination of income tax returns. The AES project has been plagued by escalating costs, schedule delays, and elusive benefits. Since AES' expansion in 1984 and 1985, cost estimates have risen by \$800 million, and the schedule has slipped by 6 years. IRS's latest estimates show AES scheduled for completion by 1995, at a cost of \$1.8 billion. To date, IRS has been unable to convincingly demonstrate the benefits of the only portion of the system that is operational. Before additional investments are made in this project, IRS should establish a sound and consistent methodology for estimating its benefits.

**Freedom of Information
Act:
Agency Reading Rooms**

GAO/GGD-89-84BR, May 31.

GAO was asked to find out if Subsection (a)(2) of the Freedom of Information Act requires each agency to make available for public inspection and copying selected agency documents that have not been promptly published and offered for sale. Such documents include staff manuals, final opinions, and orders. The statute does not require agencies to have public reading rooms in order to fulfill their responsibilities under Subsection (a)(2). GAO found that agencies' FOIA implementing regulations

often contain provisions for “public reading rooms” or “document inspection facilities.” Agency FOIA officials at 13 of the 15 agencies reported that a public reading room was available either on an agency-wide level or at one or more of the agency’s components in Washington, DC.

**Information Access:
Improving Securities and
Exchange Commission’s
Public Reference Room
Operations**

GAO/GGD-89-85, June 7.

Complaints by regular users of the Securities and Exchange Commission’s public reference room in Washington, DC, were reviewed by GAO. The SEC is mandated by law to disseminate information to the public. The reference room in Washington, DC, is used primarily by employees of companies who research and sell copies of and information from corporate filings and other documents. In June 1988, SEC eliminated public access to the microfiche files maintained in its reference room. In August, six areas of concern to regular users caused by SEC’s restrictions were identified. In subsequent work, only two remaining areas of concern were identified. These areas are that the (1) closing of the microfiche files to the public and allowing only SEC staff to fill users’ microfiche requests led to delays in obtaining these materials and more difficulty in doing research and (2) SEC’s microfiche contractor received copies of certain time-sensitive documents before regular users received them in the reference room. This gave the contractor an unfair advantage over regular users, who compete with the contractor in selling information from these documents.

**Accounting Systems:
Efforts to Improve the
Crow Tribe’s Accounting
System**

GAO/AFMD-89-53BR, June 26.

The Crow Tribe resides on the Crow Indian Reservation in south-central Montana. The Tribe’s principal income, apart from federal assistance, comes from mineral leases, grazing, and interest on money held by the Bureau of Indian Affairs. Another income source is the severance tax revenues which are received for extracting coal from mines on the Crow Tribe’s lands. All income to the Crow Tribe is deposited in the U.S. Treasury in the name of the Tribe. Funds are released to the Tribe through the BIA Billings area office in Billings, Montana, and the BIA Crow Indian Agency in Crow Agency, Montana. The accuracy and reliability of the Crow Tribe’s accounting records is questionable. Since September 1981, Office of Inspector General audits and other audits of tribal operations by certified public accounts have identified internal control problems. The Tribe’s comptroller expressed the opinion that the accounting

records are unauditable. The Crow Tribe has initiated action to improve its financial operations. In September 1988, the Tribe contracted with a local CPA to serve as its comptroller. In addition, a tribal representative said that in January 1989 the Tribe purchased a new accounting system.

**State Department:
Procurement of Household
Furnishings for Personnel
Overseas**

GAO/NSIAD-89-136, May 22.

The State Department awarded its current household furniture contract based on criteria that stressed highly subjective considerations—suitability, aesthetics, and program administration—rather than cost. As a result, State awarded a contract that could cost the government as much as \$8 million more over the extended life of the contract than would have been incurred if another acceptable source had been awarded the contract. State officials could not fully support their reasons for emphasizing factors other than cost in their criteria for selecting household furnishings. State officials said their reasons for changing the selection criteria were that (1) State had experienced some difficulties in the administration of the program under the previous contract and (2) certain furnishings were not of acceptable quality or fashion. State should not exercise next year's option of the current contract but instead, with General Services Administration approval, solicit offers for a new contract to meet State's future requirements for household furnishings and make the selection from among acceptable competing offers based on more appropriate criteria, such as a much greater consideration of cost.

**Financial Audit:
House Beauty Shop
Revolving Fund Financial
Statements for 1988 and
1987**

GAO/AFMD-89-81, July 10.

The financial statements for the House of Representatives Beauty Shop Revolving Fund for 1988 and 1987 present fairly its financial position. As of December 31, 1988, it had total liabilities and equity of \$45,330. As of December 31, 1987, it had \$51,387.

**Financial Audit:
National Economic
Commission's 1988 and
1989 Financial Statements**

GAO/AFMD-89-82, July 24.

The National Economic Commission was created for the purpose of making specific recommendations to reduce the federal budget deficit. The statements of budget, obligations, and outlays for the periods December 22, 1987, to September 30, 1988, and October 1, 1988, to March 31, 1989, are in GAO's opinion without qualification. This is the final audit report on the Commission. In accordance with its enabling legislation, it

ceased to exist on March 31, 1989. Total expenses of the Commission did not exceed \$1 million.

**Financial Audit:
Senate Barber and Beauty
Shops Revolving Fund for
1988**

GAO/AFMD-89-86, July 27.

The financial statements of the Senate Barber and Beauty Shops Revolving Fund as of December 31, 1988, present fairly, in all material respects, the financial position of the Fund. As of December 31, 1988, total liabilities and government equity was \$92,266.

**Budget Issues:
Budget Numbers for
Proposed Bill S. 101**

GAO/AFMD-89-87FS, June 30.

This fact sheet provides detailed budget numbers for illustrating proposed bill S. 101, "Balanced Budget and Debt Reduction Act of 1989." A breakdown of major components contained in the budget proposed in S. 101 is shown.

**Paperwork Reduction:
Little Real Burden Change
in Recent Years**

GAO/PEMD-89-19FS, June 14.

Congressional concern has been expressed recently about a large and apparently rising volume of business paperwork requirements. With respect to changes in burden, GAO analyses show a 27-percent increase in reported burden hours between 1980 and 1987. However, looking at contributing factors suggests that most of this increase stems from changes in the way the Office of Management and Budget accounts for burden. These accounting procedures do not always reflect real changes in the amount of burden imposed on the public. However, executive, legislative, and judicial action led to instances of real reductions in burden. For example, changes in the tax laws and regulations, together with changes in tax form use, resulted in real increases of 49 million hours on Form 1040.

**Congressional
Testimony by GAO
Officials**

Adequacy of Official Information on the U.S. Defense Industrial Base, by Frank C. Conahan, National Security and International Affairs Division, before the Subcommittee on Legislation and National Security, House Committee on Government Operations, July 18. GAO/T-NSIAD-89-40.

Comments on Reauthorization of the Performance Management and Recognition System, by Bernard L. Ungar, General Government Division,

before the Subcommittee on Compensation and Employee Benefits, House Committee on Post Office and Civil Service, July 18. GAO/T-GGD-89-36.

November 1988 Internet Computer Virus and the Vulnerability of National Telecommunications Networks to Computer Viruses, by Daniel C. White, Information Management and Technology Division, before the Subcommittee on Telecommunications and Finance, House Committee on Energy and Commerce, July 20. GAO/T-IMTEC-89-10.

Legislation to Modify DOD's Audit, Investigation, and Inspections Functions, by Brian P. Crowley, Accounting and Financial Management Division, before the Subcommittee on Investigations, House Committee on Armed Services, July 20. GAO/T-AFMD-89-11.

H.R. 2514: Federal Retirement Thrift Savings Plan, by Bernard L. Ungar, General Government Division, before the Subcommittee on Compensation and Employee Benefits, House Committee on Post Office and Civil Service, July 25. GAO/T-GGD-89-35.

Observations on Infectious Waste Management, by Peter F. Guerrero, Resources, Community, and Economic Development Division, before the Subcommittee on Regulation, Business Opportunities and Energy, House Committee on Small Business, July 25. GAO/T-RCED-89-55.

Legislative Proposals Concerning DOE's Uranium Enrichment Program, by Keith O. Fultz, Resources, Community, and Economic Development Division, before the Subcommittee on Energy Research and Development, House Committee on Science, Space, and Technology, July 26. GAO/T-RCED-89-54.

GAO Review of Economic Sanctions Imposed Against Panama, by Frank C. Conahan, National Security and International Affairs, before the Subcommittees on International Economic Policy and Trade, and Western Hemisphere Affairs, House Committee on Foreign Affairs, July 26. GAO/T-NSIAD-89-44.

IRS Data on Investigations of Alleged Employee Misconduct, by Jennie S. Stathis, General Government Division, before the Subcommittee on Commerce, Consumer and Monetary Affairs, House Committee on Government Operations, July 27. GAO/T-GGD-89-38.



Order Form

GAO Form **458**
(Rev 9-87)
Report Order Form

Check appropriate box, tear out entire form, and send to:

U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877

Be sure and include mailing label form on back cover.

NATIONAL DEFENSE

- ☐ DOD Acquisition:
Information on Joint Major Programs
GAO/NSIAD-89-158, July 17.
- ☐ Budget Reprogramming:
Opportunities to Improve DOD's
Reprogramming Process
GAO/NSIAD-89-138, July 24.
- ☐ Contract Pricing:
Defense Contractor Contributions to the Software Productivity Consortium
GAO/NSIAD-89-74, July 24.
- ☐ Tank Recovery Vehicle:
Status of Program Acquisition and Full-Scale Engineering Development
GAO/NSIAD-89-156, June 22.
- ☐ Army Maintenance:
General Support Maintenance Units Not Prepared to Perform Wartime Missions
GAO/NSIAD-89-183, July 17.
- ☐ Navy Maintenance:
Aviation Component Repair Program Needs Greater Management Attention
GAO/NSIAD-89-171, July 6.
- ☐ Naval Aviation:
The Flying Hour Program's Budget and Execution
GAO/NSIAD-89-108, July 8.
- ☐ Military Space Operations:
Use of Mobile Ground Stations in Satellite Control
GAO/IMTEC-89-53, July 3.
- ☐ Attack Warning:
Better Management Required to Resolve NORAD Integration Deficiencies
GAO/IMTEC-89-26, July 7.
- ☐ Air Force Logistics:
Procurement of C-5 Crash Damage Kits
GAO/NSIAD-89-111, June 21.

☐ Tactical Airlift:
Observations Concerning European Distribution System Operations
GAO/NSIAD-89-135, June 21.

☐ Defense Contracting:
Cost, Schedule, and Performance to Develop a Ground Power Generator System
GAO/NSIAD-89-163FS, July 19.

☐ Test and Evaluation:
Reducing Risks to Military Aircraft From Bird Collisions
GAO/NSIAD-89-127, July 13.

INTERNATIONAL AFFAIRS

☐ Inter-American Development Bank:
Questions Concerning Payment to Nicaragua
GAO/NSIAD-89-167, July 5.

☐ Central America:
Impact of U.S. Assistance in the 1980s
GAO/NSIAD-89-170, July 11.

☐ El Salvador:
Limited Use of U.S. Firms in Military Aid Construction
GAO/NSIAD-89-132, July 12.

☐ International Trade:
The Health of the U.S. Steel Industry
GAO/NSIAD-89-193, July 12.

☐ Peace Corps:
A Statistical Profile
GAO/NSIAD-89-174FS, July 14.

☐ Foreign Technologies:
Federal Agencies Efforts to Track Developments
GAO/NSIAD-89-192, June 30.

SCIENCE, SPACE, AND TECHNOLOGY

☐ Weather Satellites:
Cost Growth and Development Delays Jeopardize U.S. Forecasting Ability
GAO/NSIAD-89-169, June 30.

☐ Computer Security:
Virus Highlights Need for Improved Internet Management
GAO/IMTEC-89-57, June 12.

ENERGY

☐ Nuclear Science:
DOE Richland Role in the Proposal to Convert Washington Nuclear Plant No. 1
GAO/RCED-89-134BR, June 6.

☐ Synthetic Fuels:
An Overview of DOE's Ownership and Divestiture of the Great Plains Project
GAO/RCED-89-153, July 14.

☐ Nuclear Waste:
DOE's Management of Single-Shell Tanks at Hanford, Washington
GAO/RCED-89-157, July 18.

☐ Nuclear Nonproliferation:
Better Controls Needed Over Weapons-Related Information and Technology
GAO/RCED-89-116, June 19.

☐ Uranium Enrichment:
Some Impacts of Proposed Legislation on DOE's Program
GAO/RCED-89-170BR, July 25.

NATURAL RESOURCES AND ENVIRONMENT

☐ Mineral Revenues:
Options to Accelerate Royalty Payment Audits Need Further Consideration
GAO/RCED-89-167, June 5.

AGRICULTURE

☐ Food and Agriculture:
Bibliography of GAO Documents January 1985-December 1988
GAO/RCED-89-139, June 1988.

☐ Dairy Termination Program:
An Estimate of Its Impact and Cost-Effectiveness
GAO/RCED-89-96, July 6.

☐ Dairy Imports:
Issues Related to Chocolate Products
GAO/RCED-89-159BR, July 18.

☐ Foreign Investment:
Trends in Foreign Ownership of U.S. Farmland and Commercial Real Estate
GAO/NSIAD-89-168FS, July 10.

COMMERCE AND HOUSING CREDIT

☐ Small Business:
Information on Cosponsorship Program Activities
GAO/RCED-89-158BR, July 5.

☐ Small Business:
Proposed Amendments to the Small Business Innovation Research Program
GAO/RCED-89-173, June 30.

☐ Export Controls:
Extent of DOD Influence on Licensing Decisions
GAO/NSIAD-89-155, June 27.

☐ Financial Audit:
Export-Import Bank's 1988 and 1987 Financial Statements
GAO/AFMD-89-94, July 24.

☐ Troubled Thrifts:
Use of Supervisory Enforcement Actions
GAO/GGD-89-105BR, July 19.

TRANSPORTATION

- Air Traffic Control:
FAA's Implementation of Modernization Projects in the Field
GAO/RCED-89-92, June 28.
- Air Traffic Control:
FAA's Interim Actions to Reduce Near Mid-Air Collisions
GAO/RCED-89-149, June 30.
- Air Traffic Control:
Computer Capacity Shortfalls May Impair Flight Safety
GAO/IMTEC-89-63, July 6.

HOUSING AND COMMUNITY DEVELOPMENT

- Urban Action Grants:
An Analysis of Eligibility and Selection Criteria, and Program Results
GAO/RCED-89-143, July 7.

SOCIAL SERVICES

- Guaranteed Student Loans:
Analysis of Student Default Rates at 7,800 Postsecondary Schools
GAO/HRD-89-63BR, July 5.
- Guaranteed Student Loans:
Comparisons of Single State and Multistate Guaranty Agencies
GAO/HRD-89-92, July 11.
- Head Start:
Information on Sponsoring Organizations and Center Facilities
GAO/HRD-89-123FS, July 12.
- Child Care:
Selected Bibliography
GAO/HRD-89-98FS, July 11.

HEALTH

- Defense Health Care:
Workload Reductions at Military Hospitals Have Increased CHAMPUS Costs
GAO/HRD-89-47, July 10.
- Health Care:
Children's Medical Services Programs in 10 States
GAO/HRD-89-81, July 14.
- Health Care:
Nine States' Experiences With Home Care Waivers
GAO/HRD-89-95, July 14.

- Health Care:
Initiatives in Hospital Risk Management
GAO/HRD-89-79, July 18.

- Health Care Financing:
Unreimbursed Charges of Selected Children's Hospitals
GAO/HRD-89-76, July 11.

- Prescription Drugs:
HCFA's Proposed Drug Utilization Review System Ignores Quality of Care Issues
GAO/PEMD-89-26BR, July 13.

- Teenage Smoking:
Higher Excise Tax Should Significantly Reduce the Number of Smokers
GAO/HRD-89-119, June 30.

INCOME SECURITY

- Food Stamp Program:
Participants Temporarily Terminated for Procedural Noncompliance
GAO/RCED-89-81, June 22.

- Social Security:
Results of Required Reviews of Administrative Law Judge Decisions
GAO/HRD-89-48BR, June 13.

- Social Security:
Status and Evaluation of Agency Management Improvement Initiatives
GAO/HRD-89-42, July 24.

VETERANS AFFAIRS

- Inspectors General:
Compliance With Professional Standards by the VA Office of Inspector General
GAO/AFMD-89-76, July 3.

- Veterans' Benefits:
Improvements Needed in Processing Disability Claims
GAO/HRD-89-24, June 22.

ADMINISTRATION OF JUSTICE

- Anti-Drug Abuse Act of 1986:
Time Taken by States to Draw Down Formula Grant Funds
GAO/GGD-89-78, June 2.

GENERAL GOVERNMENT

- 1990 Census:
Overview of Key Issues
GAO/GGD-89-77BR, July 3.

- 1990 Census:
Delays in Completing the Address List for Suburban and Rural Areas
GAO/GGD-89-74, July 10.

- Tax Administration:
Statistics on IRS' Use of Levies to Collect Delinquent Taxes
GAO/GGD-89-97FS, July 17.

- Tax Policy:
Insufficient Information to Assess Effect of Tax Free Education Assistance
GAO/GGD-89-76, June 23.

- Tax Policy:
Costs Associated With Low Income Housing Tax Credit Partnerships
GAO/GGD-89-100FS, July 10.

- ADP Modernization:
IRS' Automated Examination System—Troubled Past, Uncertain Future
GAO/IMTEC-89-54, June 22.

- Freedom of Information Act:
Agency Reading Rooms
GAO/GGD-89-84BR, May 31.

- Information Access:
Improving Securities and Exchange Commission's Public Reference Room Operations
GAO/GGD-89-85, June 7.

- Accounting Systems:
Efforts to Improve the Crow Tribe's Accounting System
GAO/AFMD-89-53BR, June 26.

- State Department:
Procurement of Household Furnishings for Personnel Overseas
GAO/NSIAD-89-136, May 22.

- Financial Audit:
House Beauty Shop Revolving Fund Financial Statements for 1988 and 1987
GAO/AFMD-89-81, July 10.

- Financial Audit:
National Economic Commission's 1988 and 1989 Financial Statements
GAO/AFMD-89-82, July 24.

- Financial Audit:
Senate Barber and Beauty Shops Revolving Fund for 1988
GAO/AFMD-89-86, July 27.

- Budget Issues:
Budget Numbers for Proposed Bill S. 101
GAO/AFMD-89-87FS, June 30.

- Paperwork Reduction:
Little Real Burden Change in Recent Years
GAO/PEMD-89-19FS, June 14.

CONGRESSIONAL TESTIMONY BY GAO OFFICIALS

- Adequacy of Official Information on the U.S. Defense Industrial Base, July 18. GAO/T-NSIAD-89-40.

- Comments on Reauthorization of the Performance Management and Recognition System, July 18. GAO/T-GGD-89-36.

- November 1988 Internet Computer Virus and the Vulnerability of National Telecommunications Networks to Computer Viruses, July 20. GAO/T-IMTEC-89-10.

- Legislation to Modify DOD's Audit, Investigation, and Inspections Functions, July 20. GAO/T-AFMD-89-11.

- H.R. 2514: Federal Retirement Thrift Savings Plan, July 25. GAO/T-GGD-89-35.

- Observations on Infectious Waste Management, July 25. GAO/T-RCED-89-55.

- Legislative Proposals Concerning DOE's Uranium Enrichment Program, July 26. GAO/T-RCED-89-54.

- GAO Review of Economic Sanctions Imposed Against Panama, July 26. GAO/T-NSIAD-89-44.

- IRS Data on Investigations of Alleged Employee Misconduct, July 27. GAO/T-GGD-89-38.

Requests for copies of GAO reports should be sent to:

**U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877**

Telephone 202-275-6241

The first five copies of each report are free. Additional copies are \$2.00 each.

There is a 25% discount on orders for 100 or more copies mailed to a single address.

Orders must be prepaid by cash or by check or money order made out to the Superintendent of Documents.

**United States
General Accounting Office
Washington, D.C. 20548**

**Official Business
Penalty for Private Use \$300**

| |
|---|
| First-Class Mail Postage & Fees Paid GAO Permit No. G100 |
|---|